

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 SOE-02
OMB-01 DOE-11 /113 W
-----076432 052142Z /63

R 051640Z JAN 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 9661
INFO AMEMBASSY BRUSSELS
USMISSION GENEVA

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E.O. 11652: NA
TAGS: ETRD, EC, IT
SUBJECT: SILICON STEEL: TERNI COUNTERVAILING DUTY CASE

REF: 76 ROME 20263

1. EUROPEAN COAL AND STEEL COMMUNITY (ECSC) REPORTEDLY APPROVED 24,000 MILLION LIRE (ABOUT \$27.5 MILLION) LOAN TO TERNI ON DEC. 23, 1977, UNDER ARTICLE 54 OF THE ECSC TREATY. ACCORDING TO PRESS ACCOUNTS THE PROCEEDS OF THE LOAN ARE TO BE USED FOR A MAJOR MODERNIZATION PROGRAM FOR TERNI'S STEEL PLANT AND ROLLING MILLS AS WELL AS TO OBTAIN A BETTER BALANCE AMONG THE VARIOUS PHASES OF PRODUCTION.

2. A TERNI SOURCE TOLD EMBOFF ECSC LOAN SUPPLEMENTS AN EARLIER ECSC LOAN FOR ABOUT 20,000 MILLION LIRE AND THAT BOTH LOANS ARE REFINANCING FOR SHORT-TERM, HIGH INTEREST DEBT ACQUIRED BY TERNI TO FINANCE INVESTMENTS MADE MOSTLY IN 1970 TO 1975 PERIOD TO MODERNIZE TERNI'S ROLLING MILLS AND STEEL PRODUCTION. HE WAS EXPLICIT THAT NONE OF THE LOAN IS FOR NEW INVESTMENT.

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3. COMMENT. IT MAY BE OF INTEREST, IN CONNECTION WITH THE ARMCO CASE AGAINST TERNI, THAT ARTICLE 54 OF THE ECSC TREATY STATES THAT IF THE ECSC HIGH AUTHORITY FINDS THAT THE FINANCING OF A PROJECT OR THE OPERATION OF THE PROPOSED INSTALLATIONS REQUIRES SUBSIDIES, ASSISTANCE, PROTECTION OR DISCRIMINATION CONTRARY TO THE TREATY, THE HIGH AUTHORITY'S UNFAVORABLE OPINION WOULD

HAVE THE FORCE OF A DECISION AND THE EFFECT OF PROHIBITING THE
ENTERPRISE FROM RESORTING TO RESOURCES OTHER THAN ITS OWN FUNDS
TO CARRY OUT SUCH A PROJECT. GARDNER

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Draft Date: 05 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
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Disposition Remarks:
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